



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release  
Tuesday, March 20, 2001

## Grassley Urges Swift Action on Social Security, Medicare

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee of Finance, today said the latest reports on the financial outlook for Social Security and Medicare send a clear message to Congress and the President: Make hay while the sun shines.

“There’s reality television. This is reality policymaking,” Grassley said. “These annual reports paint a sobering picture of Social Security and Medicare. They’re enough to bring the most unrealistic thinkers back down to earth.

“The reports’ findings will sharpen our focus on the task at hand, which is saving Social Security and Medicare for the baby boomers and beyond. Our President is not only committed to saving these programs, but he’s also passionate about saving them. Congress has to take the same approach. We need to use the short respite before baby boomer retirement to save Social Security and Medicare. We have to make hay while the sun shines. I’m confident we’ll do that.”

Grassley’s comments came at a rare joint hearing of the Senate Committee on Finance and the House Committee on Ways and Means. The committees received the 2001 annual reports from the Social Security and Medicare Boards of Trustees. The last joint hearings of the full committees were in 1933 -- the year Grassley was born -- and in 1934, on the liquor tax. Grassley said the magnitude of saving Social Security and Medicare merits the unusual platform that a joint hearing provides. The consequences of taking too little action demand full attention, he said. The trustees’ reports show:

Social Security and Medicare are simply unsustainable in their current form. The trustees project that promised benefits will exceed scheduled payroll taxes and premiums by \$465 trillion over the next 75 years. Grassley called that dollar figure astounding.

Medicare will grow at a much faster rate than projected even one year ago. Only 22 percent of beneficiaries used Part A (for hospital stays), while 87 percent of beneficiaries relied on Part B (for doctor visits) in the year 2000. Part A represents only 55 percent of total spending, while Part B represents 45 percent and is growing in double digits.

Grassley said Congress must avoid taking steps that might worsen the financial conditions of both programs, as well as budgeting gimmickry that masks the true financial outlook. Instead, Congress should act to put both programs on sound financial footing while modernizing outmoded elements and streamlining inefficiencies, he said.

“Some say the problems facing Social Security and Medicare mean we can’t cut taxes,” Grassley said. “But tax cuts will promote economic growth and make it easier to pay for promised benefits. We can harness the power of our economy to help us save these programs for tomorrow’s retirees. I believe we can provide tax relief to hard-working Americans while at the same time protecting and improving Social Security and Medicare. Let’s meet this challenge.”

